

BAHIA & ESPIRITO SANTO FUND - LOCAL

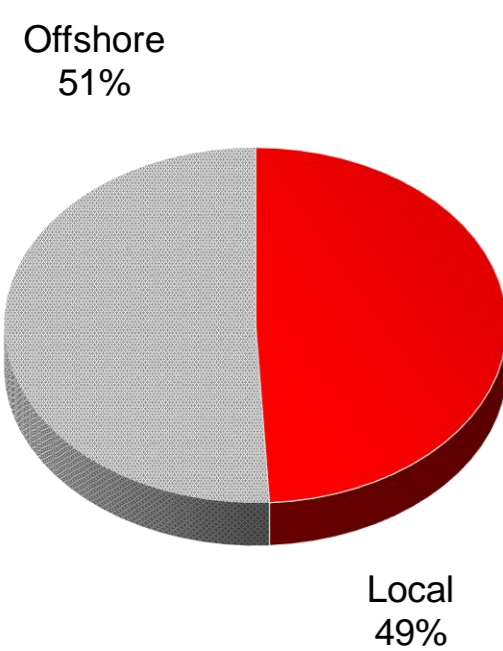
The local market presented a positive result, contributing to the good performance over the year. The highlight was the Long Duration Fixed Income (IMA-B5 +), up +4.7% in the month.

In the local scenario, several factors helped drive prices up: (i) Approval of the Pension Reform in the Senate paved the way for further government reforms, such as the Administrative Reform, (ii) Central Bank's decision to cut 50 bps in interest rates, led to new low levels rates, and (iii) Signaled that further cuts should occur, setting the nominal interest rates in 4.5% pa., (iv) Total industry capacity presented a slightly improvement, such as jobs creation and credit market.

The domestic asset market is starting to adapt to a new scenario: low interest rates.

The result of several market indices continued to be positive in October, mainly due to the higher risk and long-term classes: Real Estate and Stock market. This month, three factors helped drive prices up: (i) Economic data came less negative in the US; (ii) US-China trade agreement has gained greater expectations to be concluded; (iii) FED decision to cut interest rate by 25 bps and the sequel of government bond purchase program.

On the other hand, the only negative performance was in the 10-20 years Treasuries, which ended the month down by -0.4%, a marginal move for this duration. Finally, geopolitical tensions are still emerging, causing uncertainty in several economies, especially in Emerging Countries, such as: Lebanon, Turkey, Chile, Ecuador, Bolivia, Syria and Egypt.



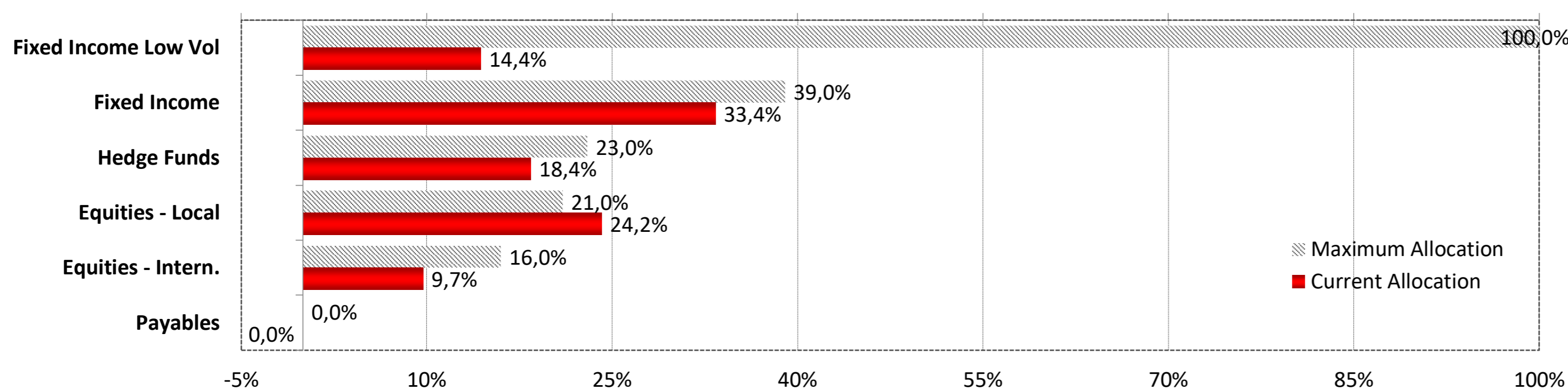
BA&ES local portfolio gained +1.2%, and extended its year-to-date gain to +16.1%. Most asset classes recorded gains, Fixed Income returned +2.5%, aligned with its benchmark, that also gained 2.5% mtd. On the other hand, International Equities contributed negatively with -0.9%, below its benchmark -0.5%. The international portfolio also had a positive performance, up +1.3% and extended its year-to-date gain to +13.4%. The positive highlight was International Equities that recorded gain of 2.2%, against its benchmark, 2.5%. The Fixed Income class lost -0.1%, next to its benchmark that lost -0.2%.

PORTFOLIO PERFORMANCE - LOCAL (in Brazilian Reais - R\$)

ASSET CLASS	MTD	YTD	12M	24M	36M
Fixed Income Low Vol	0,5%	5,1%	6,1%	6,3%	7,6%
Fixed Income	2,5%	16,2%	18,7%	14,8%	14,8%
Hedge Funds	1,2%	9,0%	8,2%	8,9%	8,9%
Equities - Local	1,0%	27,8%	31,4%	20,3%	20,3%
Equities - Intern.	-0,9%	24,9%	21,6%	16,1%	16,1%
Payables	0,0%	0,0%	0,0%	0,0%	0,0%
Total	1,2%	16,1%	17,3%	13,0%	12,3%

BENCHMARK	MTD	YTD	12M	24M	36M
CDI	0,5%	5,2%	6,2%	6,4%	7,6%
IRF Comp.	2,5%	16,6%	19,2%	15,3%	15,3%
IHF Comp.	1,3%	8,6%	8,7%	8,3%	8,3%
IBX	2,2%	23,2%	24,8%	22,9%	22,9%
MSCI World (BRL)	-0,5%	25,4%	22,1%	17,1%	17,1%
Inflation IPCA	0,1%	2,6%	2,5%	3,6%	3,3%
BENCHMARK	1,5%	14,7%	15,9%	9,5%	12,8%

ASSET ALLOCATION - LOCAL



ASSET CLASS	Allocation (R\$)
Fixed Income Low Vol	655.607
Fixed Income	1.521.013
Hedge Funds	839.996
Equities - Local	1.101.172
Equities - Intern.	442.686
Payables	(1.240)
Total	4.559.234

GROWTH AND CURRENT ACCOUNT - LOCAL PORTFOLIO (In R\$ Thousands)

GROWTH	2016	2017	2018	2019	ACC.
NOMINAL	0,1%	8,7%	7,0%	14,8%	33,5%
REAL	-0,1%	5,5%	3,2%	11,9%	21,6%
IPCA	0,2%	2,9%	3,7%	2,6%	9,8%

CURRENT ACCOUNT	2016	2017	2018	2019
INITIAL	0	3.416	3.712	3.972
Subscriptions	3.415	0	0	0
Withdrawals	0	0	0	0
Account Costs	0	-64	-32	-32
FINAL	3.416	3.712	3.972	4.559
ACCOUNT COSTS	0,0%	-1,7%	-0,8%	-0,8%
SPENDING RATE	0,0%	0,0%	0,0%	0,0%
Nominal Return	0,1%	10,5%	8,0%	16,1%
CPI	0,0%	2,9%	3,7%	2,6%
Real Return	0,1%	7,4%	4,1%	13,1%

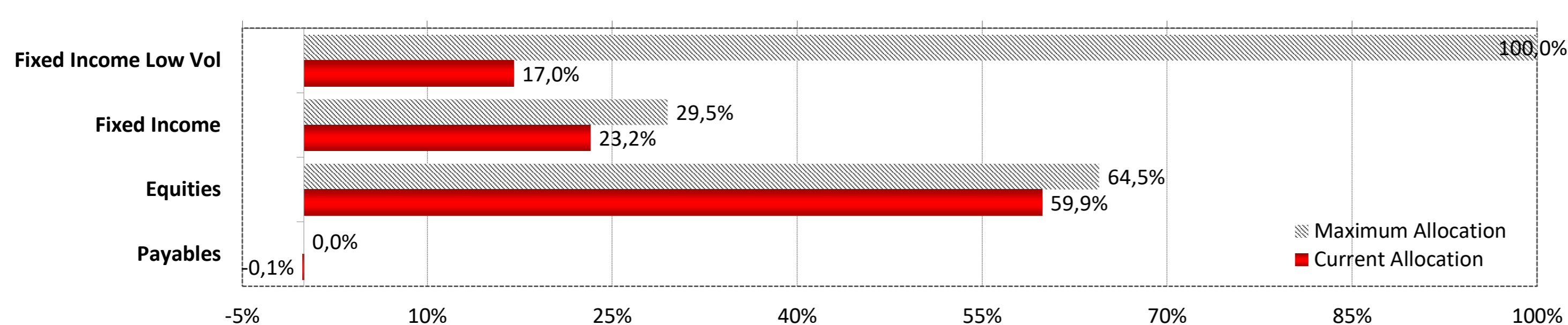
The difference between the portfolio performance and the portfolio growth is that the latter considers the impacts of transactions and taxes.

PORTFOLIO PERFORMANCE - INTERNATIONAL (In US\$ Thousands)

ASSET CLASS	MTD	YTD	12M	24M	36M
Fixed Income Low Vol	0,2%	2,2%	2,6%	2,2%	2,2%
Fixed Income	-0,1%	8,3%	10,7%	4,9%	4,8%
Equities	2,2%	20,0%	12,4%	7,7%	7,7%
Payables	0,0%	0,0%	0,0%	0,0%	0,0%
Total	1,3%	13,4%	9,7%	4,8%	3,8%

BENCHMARK	MTD	YTD	12M	24M	36M
RF LV COMP	0,3%	2,7%	3,2%	2,7%	2,7%
Barclays Global	-0,2%	8,6%	10,7%	6,0%	5,1%
MSCI World	2,5%	20,6%	12,7%	7,3%	7,3%
CPI	0,0%	1,4%	1,4%	2,0%	2,0%
BENCHMARK	1,5%	14,3%	10,5%	4,1%	4,2%

ASSET ALLOCATION - INTERNATIONAL



ASSET CLASS	Allocation (U\$)
Fixed Income Low Vol	199.586
Fixed Income	272.657
Equities	702.218
Payables	(1.423)
Total	1.173.038

GROWTH AND CURRENT ACCOUNT - INTERNATIONAL PORTFOLIO (In US\$ Thousands)

GROWTH	2016	2017	2018	2019	ACC.
NOMINAL	0,0%	1,5%	-3,3%	13,8%	11,7%
REAL	-0,1%	-0,6%	-5,2%	12,2%	5,6%
CPI	0,2%	2,1%	1,9%	1,4%	5,8%

CURRENT ACCOUNT	2016	2017	2018	2019
INITIAL	0	1.050	1.066	1.031
Subscriptions	1.050	0	0	0
Withdrawals	0	0	0	0
Account Costs	0	0	0	0
FINAL	1.050	1.066	1.031	1.173
ACCOUNT COSTS	0,0%	0,0%	0,0%	0,0%
SPENDING RATE	0,0%	0,0%	0,0%	0,0%
Nominal Return	0,0%	1,5%	-3,4%	13,4%
CPI	0,2%	2,1%	1,9%	1,4%
Real Return	-0,1%	-0,6%	-5,2%	11,8%

The difference between the portfolio performance and the portfolio growth is that the latter considers the impacts of transactions and taxes.